



CITY OF KNOXVILLE  
MADELINE ROGERO, MAYOR

## Community Development Department

Becky Wade, Director  
Linda Rust, CD Administrator

Annual Action Plan Public Meeting  
January 12, 2016

## Our Mission is

to revitalize low and moderate income communities and strengthen all city neighborhoods.

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We accomplish this by working with community partners on many programs with various federal, state and local funding sources.

# Our Desired Outcomes

- Safe, sustainable and vibrant neighborhoods
- Active public participation through strong neighborhood organizations
- Economic opportunities for individuals and businesses
- Responsive and collaborative partnerships
- Supportive services for persons experiencing homelessness or at-risk of homelessness
- Decent, affordable, healthy and energy-efficient housing
- Accessible, “Visitable” and Fair Housing
- Efficient grants administration and management

# Purpose of Today's Meeting

- I. What is an Annual Action Plan?
- II. 2015-2019 Consolidated Plan Priority Activities
- III. Citizen Participation Process and Consultation Timeline
- IV. Break Out Groups Meet

# I. What is an Annual Action Plan?

Governs U.S. Department of Housing and Urban Development (**HUD**)  
Community Planning and Development (CPD) Grant Funds.

- » Community Development Block Grant (**CDBG**)
- » **HOME** Investment Partnership funds
- » Emergency Solutions Grant (**ESG**)
- The 2015-2019 Consolidated Plan:
  - » Required by HUD every 5 years (completed in May, 2015)
  - » Involved extensive community participation
  - » Set High/Low Priority activities for funding
  - » Updated annually (Annual Action Plan)
- The 2016 Annual Action Plan
  - » Updates the Consolidated Plan with new opportunities, challenges, changes in the community
  - » Impacts activities and funding from July 2016 – June 2017

# Regulatory Constraints

## HUD Requirements

### 1. CDBG Funds:

- **Low- and Moderate- Income (LMI) persons/households**
- **LMI Areas**
- **Slum or Blight**
- Urgency (threat to community health and welfare)
- **Public Services**

### 2. HOME Funds:

- **Affordable Housing** for **LMI** households

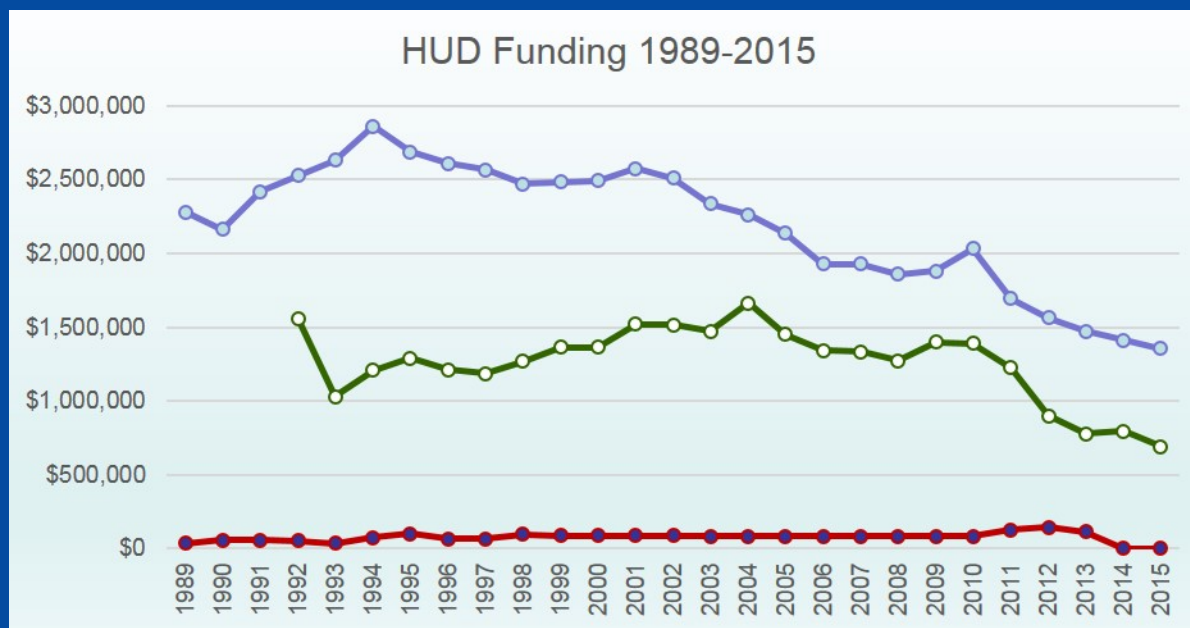
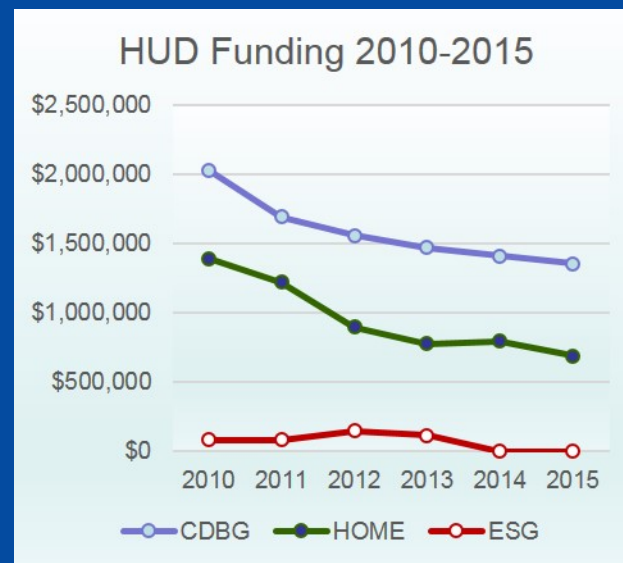
### 3. ESG Funds:

- **Homeless** (presumed to be **LMI**)

# Budgetary Constraints

42% decrease in HUD allocation since 2010

	CDBG	HOME	ESG
2010	\$2,032,567	\$1,391,991	\$82,579
2011	\$1,693,648	\$1,223,093	\$82,348
2012	\$1,561,970	\$898,723	\$146,665
2013	\$1,470,637	\$779,172	\$113,950
2014	\$1,410,665	\$795,283	\$0
2015	\$1,355,235	\$690,541	\$0



# Other Funds

- Other HUD Funds

- Healthy Homes/Lead Hazard (ends in 2016) \$2,500,000
- **THDA** - State ESG (2 years) \$ 260,616

- City of Knoxville Funds

- General Operating Funds \$2,301,540
  - Office of Neighborhoods, Office on Homelessness, Office of Disability Services, Affordable Housing Trust Fund, Great Schools Partnership, ET Quality Growth,
- Capital Fund Projects \$2,050,000
  - Blighted Property Acquisition, Chronic Problem Properties, Commercial Façade Improvement Program, KCDC Five Points and Lonsdale, ADA Facility Improvements
- Historic Preservation Grants \$ 500,000
- Community Agency Grant \$ 250,000
  - Knoxville Botanical Gardens



## II. 2015-2019 Five Year Consolidated Plan Priorities

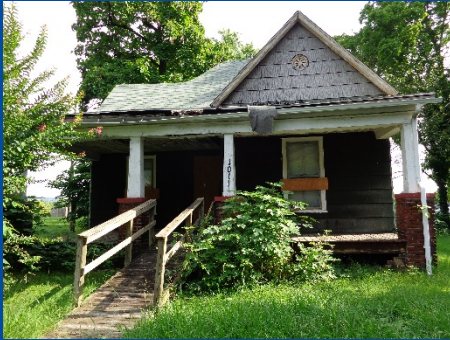
- Strengthening Neighborhoods
- Promoting Economic Development
- Reducing and Ending Homelessness
- Promoting Affordable Housing

# Priority: Strengthening Neighborhoods Strategy Summary

## Support:

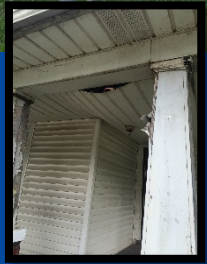
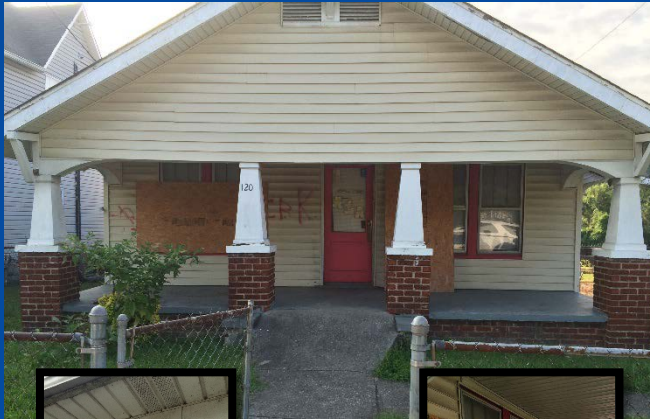
- Office of Neighborhoods
- Quality of Life
  - Eliminate blighted and vacant/underused properties
    - Acquisition and resale of blighted and chronic problem properties
    - Homemaker's Program (non federal funds)
    - Commercial Façade Program
    - Lonsdale Model Block Program
    - Historic Preservation Funds (non federal funds)
- Quality and Up-Keep of Housing and Affordability of Housing
  - Housing Rehabilitation program
  - Emergency/Minor Home Repair programs
  - New housing construction through CHDOs
  - Energy efficiency/weatherization improvement programs

# Blighted Property Acquisition



- Chronic Problem Property Acquisition
- Homemakers Program
  - City-owned vacant lots and lots with substandard structures for sale to individuals, non-profit organizations and businesses.
  - Properties have been identified by the City for acquisition to further its mission to remove blight, redevelop neighborhoods and provide affordable housing opportunities.
  - Purchasers are required, in almost all cases, to construct a new dwelling on the property or rehabilitate the existing structure.
- Mowing/Maintenance
- \$121,615 in CDBG funds and \$500,000 in City funds

# Blighted Property Redevelopment Program



- Implemented several years ago with funds from Empowerment Zone Grant funds.
- Revolving Loan fund.
- BPRP loans are available to qualified developers who own or acquire certain eligible blighted properties.
- The loan is a 0% construction loan that is due after the project is completed, either with sales proceeds or from a permanent mortgage.
- There is no income restriction related to BPRP projects – it is a program designed to address problem properties and neighborhood stabilization.



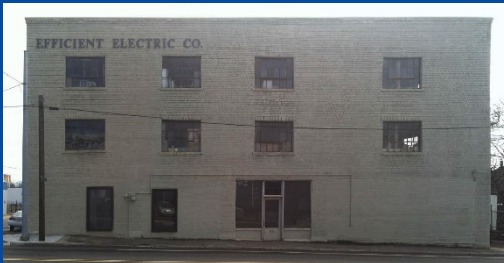
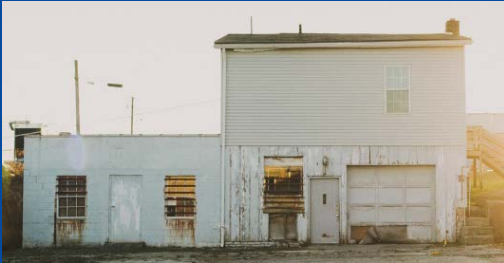
# Priority: Promote Economic Development

## Strategy Summary

### Support:

- Job Creation and Loans, Technical Assistance for Small Businesses Start Ups, and Business Expansion
  - Commercial Façade Improvement Program
  - Section 3 construction activities
  - Loans through the Section 108 program
- Disadvantaged Businesses
  - Section 3 construction activities
- Green Jobs
  - Housing Rehabilitation program
  - New housing construction through CHDOs
  - Energy efficiency/weatherization improvement programs

# Commercial Façade Improvement Program



- Assists building owners repurpose/restore existing older building facades.
- The program increases property tax revenue, sales tax revenue and private sector investment.
- Applications are evaluated on the project capacity for job creation and retention, on location/condition of building, and the leveraged investment by the owner.
- Within the last year, the City's investment (federal and non federal funds) resulted in 22 projects completed, and \$6,311,729 in funding leveraged by owners.
- 70 jobs were retained, 379 new jobs were created, 146 temporary construction jobs, 39 new business were opened and 83 new housing units were developed.
- \$500,000 in City Capital funds & \$250,000 in CDBG funds

# Section 3 Local Jobs Created

- Section 3 is a HUD requirement designed to ensure that the HUD funds invested in housing and community development activities also provide employment opportunities for low-income people.
- HUD's regulations state that "to the greatest extent feasible," businesses and employers working on HUD-funded projects must make a good faith effort to train and employ low income individuals in the area (called "Section 3 residents") and also to contract with other businesses that employ Section 3 residents.

## CDBG Construction Activity (2010-2014) resulted in:

- » 86 total new hires (60% of whom were Section 3 new hires)
- » 129 Section 3 contracts
- » 78% of all contract dollars were awarded (\$3,017,044) to Section 3 businesses

## All Federal Funding for Construction Activity for PY2014

- » 53 total new hires (56% of whom were Section 3 new hires)
- » 90 Section 3 contracts
- » 95% of all contract dollars were awarded (\$3,683,905) to Section 3 businesses

# HUD Section 108 Loan



- Farragut Hotel Renovation (pending HUD approval)
- Section 108 Loan is an Economic Development loan (paid back by the developer) that is secured with future CDBG funds
- Will create 83 jobs, 61 full-time (32 to LMI individuals)
- 160 guest rooms
- Major renovation to an empty, historic building downtown
- \$2.9 M



# Priority: Reduce and End Homelessness

## Strategy Summary

### Support:

- Office on Homelessness
- Homelessness Prevention
  - Housing counseling and case management
  - Housing Programs to help people afford to stay in their housing
    - Housing Rehabilitation (owner occupied and rental)
    - Emergency/Minor Home Repair programs (inc. accessibility modifications)
    - Weatherization programs
- Case Management/Supportive Services
  - HMIS to track homelessness statistics
  - Rapid Re-Housing assistance
  - Employment and economic stability
- Emergency and Transitional Housing/Services
- Affordable Permanent Housing
  - Permanent Supportive Housing and other Housing for Special Needs populations/TBRA

# Homeless Agency Support

- **City Funds**

- Agency Grants

- Homelessness Prevention
    - Street Outreach
    - Emergency Shelter and Services
    - Transitional Housing and Services
    - HMIS
    - \$167,500 in City General Operating Funds



- Case Management Services

- CAC/KCDC
    - VMC/Minvilla Manor
    - SE Housing/Flenniken Landing
    - \$281,500 in City General Operating Funds



- **THDA/State ESG Funds**

- Homelessness Prevention
    - Rapid Re-housing
    - \$206,616 in State funds (2014 and 2015)



# Priority: Promote Affordable Housing

## Strategy Summary

### Support:

- Energy Efficiency Improvements, Housing Rehabilitation, Accessibility Modifications
  - Owner-Occupied Housing Rehabilitation program
  - Rental Housing Rehabilitation Program
  - Emergency and Minor Home Repairs
  - Weatherization Improvements
  - LBP Screening and Abatement
- Supportive Housing for Special Needs populations, Independent Living for the Elderly and Tenant Based Residential Assistance vouchers through KCDC.
  - Permanent Supportive Housing and Housing for homeless seniors, veterans, and other special needs populations
- New Housing Construction
  - Partner with Community Housing Development Organizations (CHDOs), Housing Counseling to potential home buyers
  - Down Payment and Closing Cost Assistance to CHDO home buyers
  - Homemaker's Program and Model Block Program

# Owner Occupied Housing Rehabilitation



- For owner occupants who live within the City limits and whose household income is below 80% of the median, adjusted for family size.
- Provides financing and technical assistance to bring the property up to code.
- Financing includes below market rate loans (either 1% or 3% depending on income) and, if necessary, forgivable loans and/or lead based paint remediation grants.
- Temporary relocation is almost always required and the City provides grant funds to cover out of pocket relocation and rent expenses.
- \$1,287,286 in CDBG and HOME funds



# Rental Housing Rehabilitation



- This program provides landlords with a forgivable loan of up to \$20,000 per unit to bring rental units up to code.
- The amount of assistance provided is based on the rehab cost and the cash flow of the property.
- Landlords agree to certain rent and occupancy restrictions for 5–10 years in return for the funding.
- \$519,397 in CDBG and HOME funds

# Emergency Home Repairs



- CAC's Emergency and Minor Home Repair program provides:
  - home improvements (roofs, HVAC, plumbing, electrical, windows, accessibility modifications, and energy efficiency improvements) critical to the health and safety of low income homeowners in the City of Knoxville.
  - 249 homeowners on CAC's waiting list.
- CAC's Weatherization Health & Safety program provides:
  - weatherization related repairs to owner occupied and rental homes within the City of Knoxville.
  - Partnering with KEEM and KUB's Round it Up programs
- \$650,000 in CDBG funds

# Minor Home Repairs



- “Operation Backyard” provides critical external repairs such as roof repair, accessibility modifications, window repair, and energy efficiency improvements to elderly, disabled, and low income homeowners within the City of Knoxville.
- Work is performed mostly by volunteers, although the agency does utilize licensed contractors for plumbing and other work as necessary.
- \$100,000 in CDBG funds



# HUD Lead Hazard Control and Healthy Homes Grant



- Goals:
  - 150 Lead Hazard Control Projects
  - 180 Lead Inspections
  - 100 Healthy Homes Interventions
  - 120 Workers Trained
  - Outreach and education to over 400,000 residents
- \$2.5 million in HUD Lead Hazard Control and Healthy Homes Funds



# Special Needs Housing

- Helen Ross McNabb



- Washington Oaks Apartments
- Permanent Supportive Housing for homeless veterans
- \$260,000 in HOME funds



- Catholic Charities



- A new roof for Samaritan Place
- Emergency and Transitional Housing for homeless seniors
- \$70,000 in CDBG funds



- Positively Living

- Five additional units of Permanent Supportive Housing for homeless persons with chronic health conditions
- \$100,000 in CDBG funds



# New Affordable Housing: CHDOs



- CHDOs (a minimum of 15% set aside). Since HOME's inception in 1992, the City has exceeded that minimum by providing over 25% of our grant to CHDOs.
  - CHDOs develop both rental and homeownership units with the focus on homeownership.
  - CHDO partners:
    - HomeSource East Tennessee (formerly Knox Housing Partnership)
    - Neighborhood Housing, Inc.
    - East Tennessee Housing Development Corporation
  - \$175,000 in HOME funds
- Down Payment Assistance is only provided to buyers of homes that have been developed by a CHDO partner.
  - \$135,000 in HOME funds



# Habitat for Humanity



- The City has allocated a small amount of its HOME grant this year to Habitat for Humanity for single family development.
- Funds will be used for pre-development costs for homeownership units (lot clearing) and for rehab on houses that have been returned to Habitat.
- 2015 Goal – 5 units
- \$75,000 in HOME funds

# III. Citizen Participation and Consultation Timeline

- **Public Meeting (#1) and Consultation with Key Stakeholders** **January 12, 2016**
- Staff Prepare Draft Annual Action Plan January - March 2016
- Year 2 Funding Applications February 5-19 (noon), 2016
- **Public Comment Period** **March 15 - April 15, 2016**
- **Public Meeting (#2)** **April 11, 2016**
- Presentation to City Council *Tentative April 26, 2016*
- City Council Review/Vote April 26 or May 10, 2016
- Consolidated Plan and Year One Action Plan due to HUD May 15, 2016
- Contracts May Begin July 1, 2016

# 2016 CDBG Application and Homeless Grant Application

## Important Dates

2/5 Release of CDBG and Homeless Grant Applications

» See [www.knoxvilletn.gov](http://www.knoxvilletn.gov) to download the applications

2/11 Mandatory TA Workshop @ O'Connor Center

10:00 AM CDBG Grant Workshop

11:00 AM Homeless Grant Workshop

2/16 *Alternate Workshop Date* (in case of inclement weather) same times, same place

2/19 Applications Due (12:00 Noon)

## IV. Small Group Breakout Meetings

### 1. Strengthening Neighborhoods

- David Massey, Facilitator

### 2. Promoting Economic Development

- Ken McMahon, Facilitator

### 3. Reducing and Ending Homelessness

- Mark Rigsby, Facilitator

### 4. Promoting Affordable Housing

- Janna Cecil, Facilitator